

OFFSHORE TRANSMISSION NETWORK REVIEW: CHANGES INTENDED TO BRING ABOUT GREATER COORDINATION IN THE DEVELOPMENT OF OFFSHORE ENERGY NETWORKS

OFFICE OF GAS AND ELECTRICITY MARKETS

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WindEurope welcomes the consultation on the Offshore Transmission Network Review (OTNR) as the means to increase coordination, design, and delivery of offshore transmission infrastructure in the UK and neighbouring countries. WindEurope represents the wind industry supply chain with over 400 members across 35 countries. The aim of this letter is to support and complement the response of our member RenewableUK, the organisation representing wind and marine renewables in the UK. RenewableUK addressed individually each of the questions from the consultation in its response, therefore our letter should be read alongside RenewableUK's written submission.

The development of offshore wind in the UK is a success story thanks to the stability and predictability of the regulatory framework put in place by the Government. Today the UK is the largest offshore wind market in the world with 10.4 GW of capacity in operation. The OTNR is a unique opportunity to accelerate the expansion of offshore wind through an appropriate balance between environmental, social, and economic costs.

WindEurope agrees with Ofgem that the level of expansion committed by the UK Government requires more coordination to connect wind farms to the grid. But we want to stress that this coordination should not undermine the UK's ability to deliver its 40 GW target by 2030.

To this end WindEurope recommends:

Regarding the Early Opportunities and Pathways to 2030

- Retain the flexibility for the delivery of 2030 projects with a developer-led approach with the option for alternative models. And ensure the co-existence of a holistic network design (HND) with this developer-led approach.
- Consider how to mitigate and manage risks of concepts which negatively impact project timelines, particularly those with connection planned by or before 2030. Or which risk generating excessive project DEVEX costs, which are not recoverable.
- Ensure the grid capacity, especially onshore, is reserved and planned based on the timelines proposed by developers, particularly for advanced projects (CfDs awarded) and those with development rights.
- Create the incentives for the timely delivery of grid connections, for example by permitting (consenting) generation projects jointly with their grids. Or align their processes as close as possible.
- Distinguish between coordination and integration of grid connections. The former does not imply sharing the electrical connections, while the latter does. Integration poses more risks and therefore would be more difficult to achieve without incentives.

- Avoid setting coordination/integration for grid connections as a requirement for CfD eligibility. And consider the commercial impacts of sharing of information on project design while such coordination takes place. It should not influence competitors bidding behaviour.
- Incentivise the coordination of projects through anticipatory investments for the grid, which should be shared with consumers and other users of the transmission system. The risks of such investments should be carefully evaluated by the regulator so it can put in place the necessary safeguards to mitigate and manage them.
- Consider projects which alleviate onshore constraints to benefit from anticipatory support, particularly those that provide balancing and other ancillary services. These projects should prioritise the delivery of electricity and include the congestion relieved in their cost-benefit analysis.
- Consider that the “shared offshore transmission system” concept can cluster more than two projects, depending on the wind farm capacity, in the same offshore substation platform. Germany has used this approach for the past five years using HVDC technology to cluster and export the electricity of up to three wind farms to shore.
- Consider that the “multi-purpose interconnectors” concept may require multi-terminal (more than two connections) multi-vendor (interoperable between suppliers) offshore substations. Examples considering this approach include the North Sea Wind Power Hub project. Considering geographical advantages of areas like the Dogger Bank region, it would be important to consider this approach in the enduring regime.
- Consider that the “quasi-bootstrap” concept would need further cost-benefit analysis as it could lead to higher CAPEX. The concept should demonstrate that sharing the additional link would alleviate onshore reinforcement needs. And it should consider that using a single line for two wind farms might require oversizing the export cables radially connected.
- Align timings of the HND with leasing rounds and clarify its relationship with other network development assessments as well as the roles and responsibilities of the ESO, TOs, and developers.
- Note that the offshore wind industry reiterates its readiness to design and build the infrastructure needed in compliance with the standards needed.

Regarding Multi-Purpose Interconnectors (MPIs)

- WindEurope urges the UK Government to provide the legal clarity for the execution of multi-purpose interconnectors (MPIs), also called offshore hybrid projects as soon as possible. There are at least seven offshore hybrid projects (worth 34 GW of generation capacity) under development in Europe, some of them planning to connect to the UK.
- Note that the EU has committed to deliver 60 GW of offshore wind by 2030 which cannot be delivered entirely with radial connections. The EU is already assessing the possible market arrangements for such projects, and it is expected to present proposals in 2022.
- Ensure MPI arrangements (either interconnector or OFTO-led) are compatible with such upcoming EU arrangements for offshore hybrid projects, and that they are factored into the multi-region loose volume coupling (MRLVC) currently under negotiation.